

French Candidates Running Hard After the Pied Noir Vote

By James M. Markham
New York Times Service

MONTPELLIER, France — In the mosaic of French electoral politics, minorities count and are cultivated. There are the loyalist citizens of France's overseas territories like La Réunion and Guadeloupe, who tend to vote conservative. There are disaffected minority peoples like the Bretons, Basques and Corsicans.

Yet with three weeks to go before the first round of France's presidential election, one of the most volatile blocs of voters has not made its preference clear. A people without a province, the 1.6 million resettled *pieds noirs* from Algeria and elsewhere in North Africa are making up their minds.

Scattered across France but mostly in the south where they disembarked in chaos and bitterness in 1962 after Algeria's independence, they have built themselves into a formidable but fractious political lobby.

Their credo once had a single tenet: hatred for President Charles de Gaulle and for the Gaullist movement that survived him. For it was De Gaulle who, in 1958, told French settlers, "I have understood

you," and who, four years later, in their eyes, betrayed them by presiding over the loss of Algeria.

"We were always, and are always, the victims," said Roland Dessy, a chunky former resident of Constantine at independence, who took up farming in southern France before becoming a full-time lobbyist for the *pied noir* cause.

The *pieds noirs*, or "black feet," from the soldiers' black boots that the first settlers wore after France conquered Algeria in the 1830s and annexed it in 1842, have tended to use their votes to punish politicians they do not like rather than to reward politicians who might help them.

Seven years ago, they were angry at President Valéry Giscard d'Estaing, who seemed indifferent to their cause, and they threw their weight behind the Socialist challenger, François Mitterrand. Some analysts say the *pied noir* vote helped tip the closely contested election in Mr. Mitterrand's favor.

Most politicians of Mr. Mitterrand's generation were somehow embroiled in the Algerian debacle, and former residents of the colony approvingly remembered him for having declared, as interior minister in 1954, that "the only possible negotiation is war" with the Algerian rebels who rose against France.

In 1982, as president, Mr. Mitterrand pushed through legislation that effectively pardoned the generals who had plotted against De Gaulle in a rear-guard effort to keep Algeria French. This gesture pleased the *pieds noirs*, but they were outraged when President Mitterrand then sent his foreign minister to Algiers to attend ceremonies marking the anti-French uprising.

But in 1986, Jacques Chirac, a former lieutenant who fought for a French Algeria, became prime minister. As it happens, Mr. Chirac is also the presidential candidate of the Rally for the Republic, a Gaullist party.

"To reconcile France with its colonial past is to reconcile France with itself," Mr. Chirac declared to *pieds noirs* in Nice last month. "As a lieutenant in Algeria, I did my duty. I shared your hopes and your agonies, and understood your pain."

Mr. Chirac has backed up his flattering words with a series of indemnization measures for the former residents that have earned him the backing of one of their most active associations, a novelty for a Gaullist candidate. But the prime minister may attract fewer *pied noir* votes than Jean-Marie Le Pen of the extreme conservative National Front.

A paratrooper in colonial Algeria, Mr. Le Pen is now the noisiest champion of expelling Arab immigrants from France. He has a considerable following in Montpellier, a thriving city of 230,000, where every fifth inhabitant is *pied noir* in origin.

A favored *pied noir* hangout is the Café Riche, where Henri Arnaveille, president of a local association of former Algerian residents, and a few friends were having a midday pasty. A woman who declined to give her name gladly offered her political viewpoint.

"My grandparents left Alsace for Algeria in 1870 because they didn't want to become German," said the woman, referring to the German annexation of the province. "And I left Algeria in 1962 because I did not want to become Algerian. I am voting for Le Pen."

In the murky cross-currents of *pied noir* politics, though, nothing is clear.

"You are discovering the politics of the Mediterranean!" the Socialist mayor, Georges Freche, declared as he signed documents stacked on his desk. "There are a lot of *pieds noirs* who will vote for Le Pen in the first round and, without thinking about it, vote for Mitterrand in the second round on May 8."

Nitze Suggests A-Arms Trims For the U.S. and Soviet Navies

By Michael R. Gordon
New York Times Service

WASHINGTON — Reagan administration officials are considering an unusual suggestion to eliminate several types of nuclear weapons from the U.S. and Soviet navies, administration officials said.

The ambitious proposal has been suggested by Paul H. Nitze, the senior arms control adviser to Secretary of State George P. Shultz, officials said.

The suggestion has run into strong opposition from some members of the Joint Chiefs of Staff. Many administration officials say they do not believe that the United States will ever put forth the idea as a formal arms control proposal.

But Mr. Shultz has nonetheless described the suggestion as one of several arms control options in a conversation with government associates, officials reported. And some experts outside government favor the idea.

Under the suggestion, the two sides would agree to eliminate sea-launched cruise missiles that are armed with nuclear warheads, nuclear-armed depth charges, and torpedoes with nuclear warheads. Nuclear bombs carried by planes on ships might also be banned under the plan, some officials said.

The suggested ban would not cover submarine-launched ballistic missiles that carry nuclear warheads. These strategic weapons are relatively invulnerable and are regarded as vital to each side's capability to retaliate against a possible nuclear attack.

One official said that the suggestion was "not an administration-approved idea" but that it has stimulated discussion in some administration quarters.

Supporters of the suggestion by Mr. Nitze, who served as navy secretary from 1963 to 1967, said the idea could resolve the difficult issue of nuclear-armed sea-launched cruise missiles, which is a major stumbling block in the talks.

Soviet negotiators have insisted that a limit be placed on such weapons under a new agreement, while the United States has argued that there is no verifiable way to distinguish between cruise missiles that carry nuclear warheads and those that carry conventional warheads. But advocates argue that this verification problem would be eased if nuclear-armed sea-launched cruise missiles are banned.

Supporters also assert that the U.S. Navy would have much to gain from the plan. They say that the U.S. Navy would be superior to the Soviet navy in conventional war with conventional weapons. But Soviet naval nuclear weapons, particularly anti-ship cruise missiles, are generally viewed as a great equalizer.

In addition, the suggestion could eliminate the problem of foreign governments that oppose port calls from U.S. ships that may be carrying nuclear weapons.

But the suggestion has many critics, too. Some say the proposal would not eliminate the Soviet nuclear threat to U.S. ships since the Russians could still attack American vessels using land-based aircraft armed with nuclear cruise missiles and bombs.

Moreover, some critics assert that the United States should not give up its force of sea-launched cruise missiles that are armed with nuclear weapons. The missiles could be used to attack a wide array of targets on land.

According to calculations by William M. Arkin of the Institute for Policy Studies, the Soviet Union has about 2,000 "nonstrategic" sea-based nuclear weapons, including depth bombs, anti-submarine rockets, torpedoes, cruise missiles and surface-to-air missiles. The United States has roughly the same number of such sea-based weapons, though it no longer has any nuclear torpedoes.

U.S. and Soviet scientists said Wednesday they will work jointly on simulated nuclear explosions in the Nevada desert to test capabilities in verifying a ban on underground weapons testing, United Press International reported from Washington.

The private, nongovernment experiment will be conducted April 29 by representatives of the Natural Resources Defense Council, a nonprofit environmental protection organization, and the Soviet Academy of Sciences.

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President François Mitterrand of France listening to Pierre Bérégovoy, left, head of his election campaign staff, and Michel Rocard, a former Socialist agriculture minister, in Paris on Wednesday.

Mitterrand Attacks Chirac Policies

PARIS — President François Mitterrand on Wednesday attacked the management of the French economy under the conservative prime minister, Jacques Chirac, accusing him of favoring privileged groups of investors.

Mr. Mitterrand, outlining his program ahead of the first round of the presidential election on April 24, also sharply criticized the increasingly speculative behavior of the newly-deregulated stock market.

In a letter to French voters released on Wednesday, Mr. Mitterrand said that if re-elected he would encourage the government to use its powers of intervention to prevent financial anarchy and irresponsible takeover bids.

In a radio interview, Mr. Mitterrand attacked the method chosen by the Chirac government of allocating holdings of up to 30 percent in newly-privatized companies to groups of core shareholders.

He described the share allocation system as "a sovereign gift to a few financial groups who have laid their hands on the cog-wheels of our economy."

Mr. Mitterrand also called on the stock market to play a more responsible role in the economy and to curtail its speculative tendencies.

"Financial anarchy and wild take-over bids justify the regulatory intervention of public authorities," Mr. Mitterrand said in his letter.

"It is time for the Bourse to become once more the place where savings are invested to create and build, and cease being the forum where a short-term speculative economy triumphs," he said.

The Paris Bourse has been rocked by several takeover bids since the October crash, some hotly contested.

Mr. Mitterrand said that the recent series of privatizations should stop, but also indicated that he did not intend to relaunch a wave of nationalizations if re-elected.

"The period that separates us from the single European market is too short to take a risk of shaking up the economic landscape yet again," he added in a reference to the planned creation of a united 12-nation European market in 1992.

ISRAEL: Young Settler and 2 Arabs Killed in Clash

(Continued from Page 1)

rounding the Israelis and began pelting them again with stones.

Several Palestinians tried to wrest an M-16 rifle and Uzi submachine gun from the guards, who then opened fire, killing two Arabs.

Some of the Israelis fled, but others were pinned down by stone-throwers for at least an hour. Several girls were hit by villagers, General Shamron said.

Some villagers called Arab ambulances from Nabulus, and U.S. television camera crews who were in the area followed the ambulances.

"We came to a situation which was surreal," said Neville Harris, a cameraman for the CBS network. He said he saw a boy, perhaps age 10, wandering dazed in the village, a girl whose face was bleeding and an older boy with a cut on his head.

Mr. Harris said he put down his camera and attempted to help the three Israeli children while young villagers gathered around them.

He said: "They started pointing at us, saying, 'You're Jewish and you're Jewish.' At that point we were in a bit of a panic to get out."

Mr. Harris said the crews grabbed the three injured Israelis and sped off to a nearby army camp, where the alert was sounded. Soldiers then rescued the remaining children.

While sealing off Beita, the army also rushed troops to Elon Moreh to prevent settlers from attacking the village.

Shultz Praises Hussein
John M. Goshko of The Washington Post reported from Amman, Jordan.

The U.S. secretary of state, George P. Shultz, while not mentioning Prime Minister Yitzhak Shamir of Israel by name, blamed failure to revive the Middle East peace process on Mr. Shamir's opposition to an international conference as a prelude to talks between Israel and Jordan.

Mr. Shultz, who left Israel on Wednesday morning after three days of talks with Israeli leaders, was said to be convinced that Mr.

Shamir remained unyielding in his opposition and determined to stall efforts to advance the U.S. peace initiative.

In an unusually long and emotionally worded departure statement, Mr. Shultz made no mention of Mr. Shamir or the conference. But his praise of King Hussein of Jordan and his description of where the initiative stands left no doubt of his view that Mr. Shamir, leader of the Likud bloc in Israel's badly divided government, is the main obstacle to resolving the status of the West Bank and Gaza Strip.

After leaving Israel, Mr. Shultz returned to Jordan to continue the talks that he began Tuesday with Hussein about fleshing out details of the U.S. plan. First he visited Cairo for talks with President Hosni Mubarak, the only Arab leader to have a peace agreement with Israel.

Polish Foreign Travel Grows
The Associated Press

WARSAW — Poles took more than one million trips to the West last year, and the number would have been higher if Western countries were more willing to issue visas, Trybuna Ludu, the Communist Party paper, reported Wednesday. Overall, foreign travel increased 21.6 percent compared to 1986.

Now, because of both the margin of the governor's victory and the breadth of the support he won in Wisconsin, his assertion that he is the clear leader in the Democratic campaign is much more plausible.

As a result, it will be easier for Democratic leaders, notably members of Congress, to rally behind him. As long as Mr. Dukakis was

losing contests to Mr. Jackson, politicians feared that efforts to unite behind the governor would look like a "stop Jackson" movement with racial overtones, especially to Jackson supporters.

There was a paradox in the outcome for Mr. Jackson, who, by doing well with large crowds in Wisconsin, raised the stakes for himself. Until quite recently, his performance in Wisconsin, where he managed to win about a quarter of the white vote, would have been rated a success. But he is no longer merely a protest candidate, and so his failure to win was a disappointment to him and his supporters.

A New York Times-CBS News Poll of 2,043 voters leaving Wisconsin polling places showed that Republicans who voted in the Democratic primary did not, as Democrats had feared they might, cross over to vote for Mr. Jackson as the weakest potential Democratic nominee. Instead, the poll found, Republicans who crossed over were

DUKAKIS: Governor Defeats Jackson in Wisconsin

(Continued from Page 1)

area where Mr. Jackson had walked picket lines with unemployed workers, by a margin of 2 to 1.

"I'm doing very well with working families," Mr. Dukakis said Wednesday, "because people see in me someone who doesn't just talk about jobs."

The Wisconsin outcome, two weeks before the New York primary, was a significant breakthrough for the governor, whose hopes of emerging as the Democratic nominee were severely undermined in March when he was badly defeated in the Illinois primary and the Michigan caucuses.

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more likely to vote for Mr. Dukakis or for Mr. Gore.

The results bore out the predictions of Mr. Dukakis's advisers that the quiet voters whom he had amassed would overcome the rousing enthusiasm that Mr. Jackson had garnered around Wisconsin.

"I think people looked at us and tested us in both of those states," Mr. Dukakis said, referring to Colorado and Wisconsin. "And they made a decision based on who they thought had what it takes to be the president of the United States, to lead our party."

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ASSESS: Jackson, Now Contender, May Get a Harder Look From Voters

(Continued from Page 1)

son had run much closer to Mr. Dukakis in polls taken a week before the Wisconsin vote than he did on primary day.

"Once you place him in the Oval Office — as I think voters did for the first time this week — a whole range of doubts comes into play that doesn't arise in other circumstances," Mr. Greenberg said.

Mr. Dukakis probably was not the controlling factor in this reframing of the voter choice in Wisconsin, but he emerges as its principal beneficiary.

"I think people are going to want to see him win a few more in a row before they get comfortable, but if he does, he's well on his way to be

the nominee," said Brian Lunde, campaign manager for Mr. Simon. Mr. Gore, meanwhile, faces a series of hard political and financial decisions in the days ahead. Since capturing six states on "Super Tuesday" four weeks ago, he has hit a wall: He has not finished higher than third place or won more than 20 percent of the vote in the eight state contests since then.

He had hoped to do well enough in Wisconsin to set himself up for a breakthrough in New York, where he has been appealing to Jewish voters with speeches in staunch defense of Israel.

But after the Wisconsin vote, the New York state Democratic chairman, Laurence Kirwan, said the

race was "clearly moving toward a two-person" contest between Mr. Dukakis and Mr. Jackson.

Mr. Jackson will look at Wisconsin as a case study in the fickleness of momentum — a hard lesson he is by no means the first 1988 presidential contender to learn.

According to ABC News exit polls, Mr. Jackson won almost one out of four white votes in Wisconsin and better than nine of every 10 black votes.

His performance in Wisconsin among whites was about equal to his showing last week in Connecticut, where he won 22 percent of the white vote. It represents about double his cumulative total of white votes in the 21 primaries held this year before Wisconsin. Mr. Jackson won about 10 percent of the white vote in those contests.

Mr. Simon's pollster, Paul Maslin, said Mr. Jackson could have some good primaries ahead. "Jackson may have been capped in Wisconsin because his candidacy went so fast from symbolic to real," he said. "But there is growth potential for him in the weeks ahead. He is seen as a powerful messenger with important things to say, and paradoxically, the less he is seen as a subject he talks about, the more votes he can get."

Mr. Maslin also noted a pattern in modern Democratic nominations: The nominee presumptive often faces a late "stop" movement

and challengers have had a history of finishing strong in late primaries.

That suggests a dicey few months ahead for Mr. Dukakis — especially since, even under optimistic scenarios, it is doubtful he can win more than 1,500 delegates (of the 2,082 needed to nominate) in all the caucuses and primaries.

"What Dukakis is counting on is that the political dynamic starts to overwhelm the arithmetic," said Thomas Donilon, a former adviser to Walter F. Mondale. "There are pools of delegates that could become available to him — Gore has about 400, for example, and there are the 646 superdelegates. But the condition for getting them is to be able to keep winning."

Mr. Jackson's finish in Wisconsin will raise the stakes for him in New York, where he has a strong local organization and where he got 26 percent of the vote in 1984. If Mr. Gore invests heavily and gets into the New York mix, Mr. Jackson would be in the thick of that as well.

But simultaneously, it is also possible that the attention of some Jackson supporters could turn toward the vice presidency. It is not a subject he talks about, but some of his outer circle of advisers have begun floating the idea that if Mr. Jackson winds up finishing second in votes and delegates, he should be second on the ticket.

China Moves Toward Link to Saudis

BEIJING (APF) — Foreign Minister Wu Xueqian, confirming recent missile sales to Saudi Arabia, said Wednesday that Beijing wanted to establish diplomatic relations with Riyadh as soon as possible.

His remarks came as the deputy foreign minister, Qi Huaiyuan, was returning from an official visit to Riyadh. Mr. Qi delivered a message to King Fahd from President Li Xiangnan, reportedly responding to the Saudi ruler's call for China to support a UN resolution to end the Gulf War.

Western analysts said Mr. Qi's visit may have been aimed at establishing diplomatic relations with Riyadh, which recognizes Taiwan. Mr. Wu confirmed an announcement by Riyadh on March 20 that China had sold a number of ground-to-ground missiles to Saudi Arabia. He did not specify the type of missile or the amount. He said Saudi Arabia had assured China that the arms would not be sold to third parties and would only be used for defense purposes.

Ethiopia Restricts Famine Relief
ADDIS ABABA (Reuters) — The Ethiopian government ordered all foreign relief agencies Wednesday to withdraw immediately from the drought-stricken northern provinces of Tigre and Eritrea. A statement by the Relief and Rehabilitation Commission said the measure was being taken to avoid "security risks" to personnel in the region.

The withdrawal from the provinces, where more than three million drought victims may starve this year, follows reports of important rebel victories in Tigre and Eritrea over the last six weeks. The Soviet-backed government has not given details of the military situation but has called for national mobilization.

International relief agencies working to save an estimated seven million victims of last year's drought in Ethiopia from starvation have substantially confirmed rebel victory claims.

"I think we can now say that food distribution in Eritrea and Tigre has come to a virtual halt in view of the military situation," Vincent Bernard, a delegate of the International Committee of the Red Cross in Addis Ababa, said.

Iran Says 31 Died in Iraqi Attacks

NICOSIA (Reuters) — Iran said Wednesday that Iraqi air and missile attacks had killed 31 people in Tehran and seven provincial towns, and Prime Minister Mir Hussein Mousavi vowed revenge.

The Iranian press agency, monitored in Cyprus, said several Iraqi missiles hit residential districts of Tehran and killed 16 people, including three children. It said other casualties occurred in Iraqi air raids on Urumiyeh and Salmas in the northwest, Bam and Islamabed Gharb in the west and Dizful, Shushidar and Masjed Soleyman in the southwest.

The agency said the Iranian Army inflicted heavy losses in reprisal shelling of military and industrial targets in the southern Iraqi city of Basra and six other Iraqi centers on the border. The prime minister said the attacks were intended to disrupt the Iran's parliamentary elections on Friday. "Our people consider the superpowers partners in these threats and crimes and will surely not leave them unanswered," he said.

ANC Says Paris Aide Was on Hit List

PARIS (AP) — The African National Congress representative murdered in Paris on March 29 should have been protected by the French government, which knew she was on a South African secret service hit list, an ANC official said Wednesday.

"France could have done more" to protect Dulcie September, "whose name figured on a list of people to be kidnapped or killed by Pretoria agents," said James Stuart, a member of the ANC's executive council, in Paris. Mrs. September, 53, was shot and killed outside her office.

Mr. Stuart said copies of the hit list were found on four agents of South Africa's National Intelligence Service who were stopped last year in London.

TRAVEL UPDATE

An ordinance prohibiting smoking in restaurants and public places has taken effect in New York City. The Clean Indoor Air Act limits or bans smoking in most enclosed public areas, including taxi cabs and restaurants. (UPI)

The French Transport Ministry will issue licenses for new domestic charter flights with prices that will undercut those of the Air Inter airline. They will fly between Paris and 17 provincial destinations. The cities served will be Nice, Toulon, Biarritz, Marseille, Toulouse, Bordeaux, Strasbourg, Montpellier, Mulhouse, Lyon, Perpignan, Nantes, Rodez and four airports in Corsica. (UPI)

KOREA: Dark Side of a Boom

(Continued from Page 1)

managers, cite a long list of problems faced by the workers.

Many begin their jobs with no understanding of what the conditions or pay will be; they are not told or they do not have the higher education required to read the contracts carefully. Many are undernourished because they have time for just one meal a day. They often develop eye and skin diseases or other ailments, and small factory owners may violate laws requiring them to pay for accident and illness insurance. Managers may cancel promised holidays or require overtime without notice; failure to show up means dismissal.

Indeed, many workers are paid so little that they need to work overtime just to meet expenses. One woman at the center earns \$3.80 a day. She worked standard eight-hour, six-day weeks, she would take home \$121.20 a month, not enough to pay rent and food. Many of the workers are helping to support families back in the countryside, and fall prey to usurers if their salary drops abruptly.

Some workers find that life in the city is not what they dreamed it would be. "I thought I could earn a lot of money and bring home a lot of money but it was different," said a 22-year-old worker who gives her name as Miss Kim.

She works in an electronics factory testing computer chips, for

about \$5 a day, and usually puts in a 12-hour day, with three days off a month. She likes the job better than her previous one in a garment factory. There, Miss Kim said, she had to work standing up. Now she sits down. On her days off, she chats with her four roommates or plays basketball and table tennis. But she misses life on her mother's farm.

"Everything is green in the countryside, and all the flowers of spring will be out there," she said. "You can't see them here." The last present Miss Kim bought herself with her earnings was a potted fern.

Hard as the life may be, for many young women a factory job in the city is the only route out and up. They can send part of their earnings to their parents, fulfilling a deep-rooted sense of obligation to family. Some use their evenings to attend night school, studying for a high school diploma, a prerequisite for advancement in education.

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THANKS. WOULD YOU AUTOGRAF MY CIA ASSASSINATION MANUAL? OUT TO ANYONE?
WHY NOT? I WANT ME TO MAKE IT OUT TO ANYONE?

مكتبة الأصيل

INTERNATIONAL Herald Tribune

Jackson and Noriega

For a while, it seemed, Jesse Jackson was starting off on one of his patented international fishing expeditions, casting, this time, for a solution to the crisis in Panama.

Blindness in Israel

Claiming the need to maintain "public safety and public order," Israel has closed down for six months the Arab-owned Palestine News Service.

This Is Not Espionage

Samuel Loring Morison's conviction on espionage and theft of government property charges has now survived the first round of appeals.

Simply Mickey Mouse

Mikhail Chemiakin, a Soviet artist, was forced out of his country for refusing to paint the party line.

Other Comment

No Plot Against Mecham: The overwhelming votes for conviction should have dispelled for all time any suspicions about alleged conspiracies to drive [Arizona Governor] Evan Mecham from office.

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مكازم الأصيل

OPINION

The Stakes Rise Over Afghanistan

By Jim Hoagland

WASHINGTON — The war in Afghanistan will not stop with the Soviet withdrawal that now appears certain to be completed by the end of the year.



War Cries Over Panama, Queasiness Over Nicaragua

By Fred C. Ikle

WASHINGTON — Last week, before Congress adjourned for the Easter recess, the air was festive in the nation's capital with cherry blossoms and avid calls for war.

Large majorities in both houses recently voted in favor of so-called humanitarian assistance for the contra rebels.

French Politics: The Game's Structure Is Changing

By Flora Lewis

PARIS — With three weeks to go before the first round of French presidential elections, five weeks before the final vote, a watershed looms after a hot-hum campaign.

head of the Socialist Party, proclaimed that "in France, the center is like the Bermuda triangle. Whoever approaches it disappears."

Greece and Turkey Parting the Waves

By Joel E. Marsh

OAKLAND, California — Barely a year ago, Greece and Turkey moved toward war in their maritime boundary dispute in the Aegean.

mainlands and diminish the continental shelf areas for the Greek islands on the Turkish side of the line.

100, 75 AND 50 YEARS AGO

1888: Belgian Reforms

BRUSSELS — The government has just finished the draft of the first of a series of bills which, it is hoped, will prove effective in stopping the socialist agitation in Belgium.

1913: Titanic Tribute

NEW YORK — Mrs. Jacques Filtelle, Mrs. Henry B. Harris and Mrs. George Thorne, whose husbands were drowned in the Titanic, propose to leave Boston on April 13, and two days later, which will be the anniversary of the Titanic tragedy, they will pay a tribute to the memories of their

1938: Slack Americans?

ATLANTA — An appeal for universal military training for all Americans was made here today [April 6] by Major General George V. Mosley, Commander of the Fourth Corps Area.

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Vertical text on the right edge of the page, including 'To J', 'Your term will include end even', and 'Great Hall of performances'.

OPINION

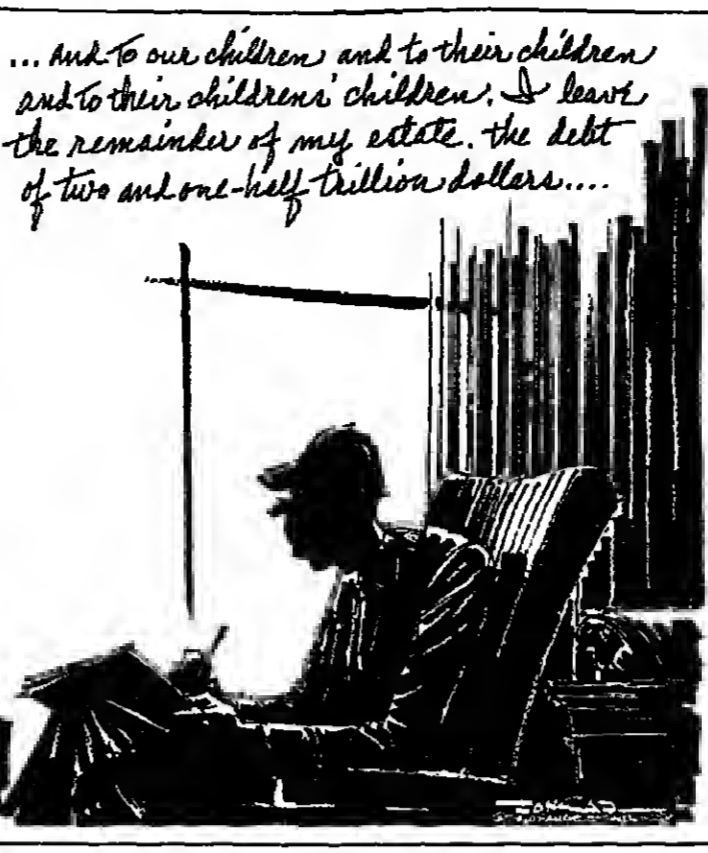
To Japan, South Africa Is Just a Market

WASHINGTON — In a rare public admission, Japanese Foreign Ministry officials acknowledged that they were "embarrassed" that Tokyo is now South Africa's leading trading partner.

By Clyde V. Prestowitz and Pauline H. Baker

companies began withdrawing in response to disinvestment pressures and the growing South African violence, creating an opportunity that the Japanese exploited.

that allows its businesses to take commercial advantage of U.S. sanctions. Congress could go further by requiring automatic sanctions against such offenders, citing an effective precedent.



... and to our children and to their children and to their children's children. I leave the remainder of my estate, the debt of two and one-half trillion dollars....

Mr. Prestowitz is a former trade official in the Reagan administration and author of a forthcoming book, "Trading Places: How We Allowed Japan To Take The Lead." Ms. Baker is author of a work on U.S. policy toward South Africa to be published this year. They contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

Contrary to the Criticism, the World Bank Is All Right

In his opinion column "The World Bank Reaps Trouble" (March 2), Nicholas N. Eberstadt misrepresents the World Bank's strong financial position.

While he acknowledges that the independent Standard & Poor's and Moody's each rates the World Bank as an AAA borrower, he asserts that standing is now "threatened." He does not indicate, or what is worse, seems unaware of the fact that both of these rating agencies, after thorough analysis, have continuously reaffirmed the bank's AAA rating.

The reasons cited by the rating agencies for the World Bank's AAA standing are: (1) its continuing support from industrialized member countries; (2) its preferred creditor status, which explains why developing countries will continue to pay the bank on a timely basis when disturbances to commercial banks have been halted; (3) its ultra-conservative one-to-one "lending ratio," which limits the total amount of its outstanding loans and guarantees to the sum of its subscribed capital and reserves; (4) the strength and diversification of its

loan portfolio; and (5) the bank's conservative financial policies and strong financial performance.

Mr. Eberstadt refers to seven of the 93 borrowing countries that are more than six months overdue in servicing their debt to the bank. This is old news. Because of the bank's ongoing disclosure of material financial information, the markets have known since last August that 97 percent of the bank's loan portfolio is performing and that 3 percent from those seven countries, is nonperforming.

Judging from the fine spreads at which the bank continues to borrow, the markets' response has been virtually nil. Brazil and Argentina, mentioned by him, and all of the other heavily indebted middle income countries are current in their debt servicing to the bank.

He also expresses concern that the more creditworthy developing countries will borrow from commercial banks rather than the World Bank. The bank has always expected that its borrowers will reach a point where all or most of their capital needs will be provided by other sources. Indeed, by its articles the bank is supposed to be the lender of last resort — not a competitor of private sources of capital.

The World Bank's member governments unanimously recommended the \$75 billion general capital increase because they believe both that the borrowers will overwhelmingly continue to honor their debt service obligations to the bank and that the bank's lending programs are wise, productive and at-

tuned to market-oriented efficiencies. The increase will enable the bank to continue providing heavily indebted and other member countries with loans and related technical assistance for sound infrastructure projects and for programs of economic reform.

DONALD C. ROTH, Vice President and Treasurer, The World Bank, Washington.

Ban Candidates From TV

Too much money is already being spent on the U.S. candidates' campaigns. I have a much better idea than raising the amount an individual can contribute to a candidate: Do not allow television advertising spots. Cigarettes and liquor are thought unfit to air to the American public. Why should that public be forced to watch 30 seconds of pure PR from a grinning politician?

KAREN KENNEDY, Florence.

Tobacco: More Noxious Gas

Now that the E. I. du Pont de Nemours & Co. has paved the way (by phasing out production of chlorofluorocarbons, which deplete the ozone layer protecting the planet), which likewise phase out its production of cigarettes, and other harmful tobacco products, and find some other, more beneficial, products to produce?

LLOYD WHITNEY, Paris.

Life's Mosaic Wears Away, But What Are the Options?

By Anna Quindlen

NEW YORK — Many years ago I fell in love with a boy who was the sort that did not so much want to date you as to brand his initials in your forehead with a red-hot iron.

From time to time after that I would hear from him, get a postcard or a note

MEANWHILE

that would say something like, "Hello, how are you. I'd like to lock you in a tower and manacle you to the radiator, I love you forever." I was frightened of him, and I feared — constantly at first, and then occasionally — that I would run into him on a street corner where he would try to hypnotize me.

Not quite so many years ago I became friendly with a woman of my age who ran a store in my neighborhood. She was one of those people who simply thrived with life: She had a great mane of incorrigibly curly dark hair and bright, bright eyes; a fine and slightly strange sense of style, and a devotion to health foods that, incredibly, was real and unpretentious.

I moved, and she moved her store, and I did not stop in, though I meant to. But I was confident that someday I would find myself on her block and we would meet and embrace and take to each other as much as we ever had before.

There is a connection between these two people. The connection is that both of them are components of my past, and that both of them are dead. Both died in accidents: I am still of an age where these friends who die, die only in accidents, although that will change soon enough. Each died some time before I heard about it, so that I was still thinking of running into them at a time when that had become an impossibility.

Neither was important to my present existence, yet knowing that both of them had ceased to be threw me into a depression that followed me like a rain cloud for weeks. At first I suspected that it was because death seemed so contrary to both their natures, for while one was a crazed changeling and the other a vivid princess, both were terribly alive. But I was also selfishly troubled by the fact that they were parts of a mosaic, parts that had worn away. That mosaic was the picture of my life, with all the little moments intact, and I know now that I was not willing to see it erode, to recognize that of two people who had

shared a particular moment, an exchange, a vignette, only one of us was left to remember it.

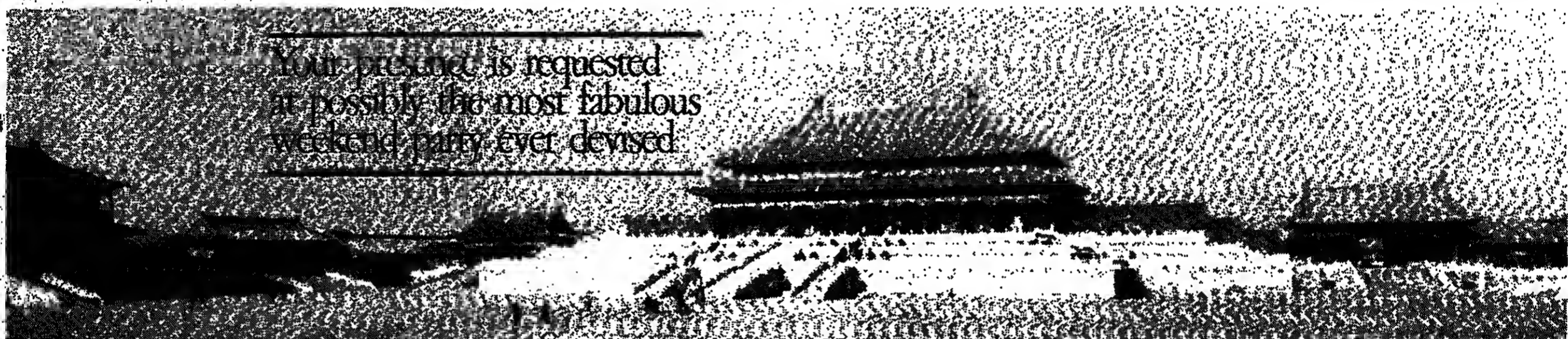
I do not think of this from the vantage point of someone whose life rural has remained miraculously untouched. I have had to adjust to enormous changes, to the death of a parent, of beloved grandparents and of a father-in-law. Those are great upheavals, almost as though someone has taken the eraser and wiped part of the board to black, forcing you to draw again.

But beyond that sort of upheaval are the minute underpinnings of life, the less important fragments of summer camp and school plays and college dorms and casual dates and former jobs and momentary friends that contribute to the self you are today. I could not even begin to count them: the boy who taught me to catch butterflies the summer I was

It is a mortality play. The end I have seen.

8; the mother of my best friend from elementary school; the girl who gave me the welcome party when we moved to West Virginia; the college professor who said I should write for a living; the editor who hired me, age 19, against his better judgment. All are people I have not seen for many, many years; yet given the opportunity I would like to find out what happened to them, for at one point in my life what happened to them was also what happened to me.

It is a mortality play. The end I have seen — the days like those of my grandmother before she died last year, when she realized that, with few exceptions, her friends and acquaintances were dead, all the pieces of her own mosaic gone. It all begins with the casual comment: "I didn't realize you knew her. Did you know that she died last month?" And you realize, as you should have long ago, that like everyone else, you are standing upon sand; that someday, if you live long enough, your past will exist only in your own mind. In the movie "Back to the Future" Marty McFly is consumed by the task of meeting his parents as teen-agers and seeing that they manage to meet and fall in love. The urgency is provided by a snapshot he has of himself, his brother and his sister. As it looks less and less likely that his mother and father will date, much less marry, first one of their children, then another and another start to fade from the photograph, until there is only background, with no people in front of it. When Marty's parents finally kiss, the images of all three kids reappear. In real life, I suppose, the people in your pictures just fade and fade and fade, until only the background remains. And you, of course, for a time. The New York Times.



THE RETURN OF MARCO POLO BEIJING June, 1988

Your ten-day journey will include these week-end events:

3 JUNE. A private visit to the Summer Palace with a gondola trip on Lake Kuming to the Isle of Dragons for a luncheon served in the style of the Empress Cixi and a performance by the best singers from the Beijing Opera.

A Venetian masked ball and fireworks display in the pavilions of the Lake of Long Tan Hu with the orchestra "I SOLISTI VENETI".

4 JUNE. An al fresco champagne reception at the Great Wall organized by Maxim's of Paris. Names of participants will be engraved on plinths at the base of the Wall, after a picnic luncheon sponsored by Petrossian.

A brilliant reception at the Great Hall of the People, featuring performances by world-renowned artists: Paolo Conte, Mireille Mathieu,

As the high point of a ten-day journey to historical China, three days of festivities to benefit the restoration and preservation of two of mankind's greatest achievements: the City of Venice and the Great Wall of China. Proceeds to be distributed under the control of UNESCO.

Teresa Berganza, Montserrat Caballé, Mady Mesplé, Maia Plisserskaia, Mamel Legnis and Sylvie Guillerm accompanied by the Beijing National Orchestra, followed by an all-night surprise cabaret party organized by Maxim's.

5 JUNE. A banquet in the Forbidden City, together with an art auction — under the direction of Sotheby's — of specially designed works by such famous artists as: Amman, Buren, Jenkins, Sol Lewitt, Cesar, Stark, Erro, Keith Haring, J.P. Raynaud, Zao Wou Ki, Walter Dahn, Vasarely.

Unforgettable visits to Xian (site of the terra-cotta buried army), Souchow ("the Venice of Asia"), and Shanghai.

International Organizing Committee Count and Countess Brandolini, Princesse Diane de Beauvau Craon, Duc de Brissac, Viscount Norwich, Marquise Caracciopoli, Count Zorzi, Count and Countess Ser, His Highness Mubarak Al Sabah, Mesdames Marylea Johnson, Evelyne Lambert, Dina Mcmill, Paloma Picasso-Lopez, Hélène Rochas, Pierre Schlumberger, Hanae Mori, Shiomi, Wang Ding Gou, Deng Lin, Messieurs Larry Lovett, Richard H. Morgan, Marty Richards, Lucien Bopard, Pierre Cardin, Alain Peyrefitte, Daniel Vial, Julian Thompson, Guido Willi, Makio Itoh, Masahiko Takeda, Kenzo Tange, Huang Hua, Han Ke Hua, Hu Yi Zhou, Yin Rou Cheng, Feng Ling An, He Guang Wei.

For residents of Asia, a weekend option is available.

Table with 4 columns: ALL INCLUSIVE CHARGES PER PERSON, 10-DAY TRIP, WEEKEND ONLY. Rows include From US/Europe, From Tokyo, From Hong Kong. Sub-headers: Including air transport, Excluding air transport.

*All or part of the charges for this voyage are tax-deductible in most countries under the laws governing charitable contributions.

Places are limited. For complete information and reservations, please contact:

- LE RETOUR DE MARCO POLO 45, rue Sainte-Anne 75001 Paris FRANCE Lic A 1326, Tel: (1) 42.61.38.67 Tlx: 215643, Fax: 42.61.14.93 HONG KONG Mr. Raymond Kong Tel: (3) 721.32.02, Tlx: 0802 33627. JAPAN Miss Tchie Yuhaya, Tel: (03) 505.53.21. USA Mrs. B. Coron-Stein Doge Tel: (212) 787.62.76, (212) 788.27.74, Fax: (212) 879.03.75. SWEDEN Mrs. B. Flerwood Tel: (8) 11.09.89, Tlx: 054 12 442. WEST GERMANY Mr. Klaus Rehnig, Tel: (6102) 50.61.50. ITALY Mrs. Monica Sedele Skimar Tel: (2) 80.91.66, Tlx: 335272 Fax: (2) 80.55.541. HOLLAND Mr. J. Van Vlier, Tel: (351) 467.57, Tlx: 044 43 431. SWITZERLAND Mrs. Harrogs, Tel: (42) 36.76.09. DENMARK Mrs. J. Godlieb Tel: (1) 652.311, Tlx: 055 16 888. GREAT BRITAIN Mr. Andrew Cochrane, Tel: (1) 730.98.41, Tlx: (51) 27104.

THE RETURN OF MARCO POLO (IHT) Coupon to be returned to the address above. Enclosed is my refundable deposit of U.S. \$250 to assure that my/our place(s) are reserved. Send full documentation as soon as possible. I would like more information before deciding to join you in Beijing. Please send brochure. Name, Address, City/Code/Country.

Stakes Over Afghanistan... Jim Hoagland... WASHINGTON — The war in Afghanistan will not stop with the withdrawal of Soviet troops... YEARS AGO... ATLANTA...

NYSE Most Actives table with columns for Vol., High, Low, Last, Chg.

Market Sales table with columns for NYSE 4 a.m. volume, NYSE adv. cons. close, etc.

NYSE Index table with columns for High, Low, Close, Chg.

Wednesday's NYSE Closing Via The Associated Press

AMEX Diary table with columns for Adv. Declined, Total Issues, New Issues, New Loans.

NASDAQ Index table with columns for Class, Chg., Prev.

AMEX Most Actives table with columns for Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bonds, Utilities, Industrials.

NYSE Diary table with columns for Adv. Declined, Total Issues, New Issues, New Loans.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, % of Total.

Dow Jones Averages table with columns for Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns for Industrials, Utilities, Chemicals, etc.

NASDAQ Diary table with columns for Adv. Declined, Total Issues, New Issues, New Loans.

AMEX Stock Index table with columns for High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Main stock market table (left side) with columns for 12 Month High, Low, Stock, Div. Yld. PE, % Chg., High, Low, Close, Chg.

Dow Average Leaps 64 Points

NEW YORK—Prices soared Wednesday on the New York Stock Exchange in active trading as investors embraced a surprising improvement in the dollar.

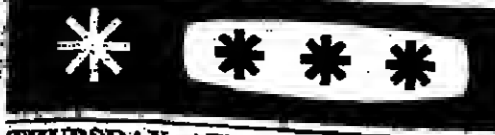
Main stock market table (middle section) with columns for 12 Month High, Low, Stock, Div. Yld. PE, % Chg., High, Low, Close, Chg.

Main stock market table (right side) with columns for 12 Month High, Low, Stock, Div. Yld. PE, % Chg., High, Low, Close, Chg.

AMETEK advertisement featuring an image of a jet engine and text: 'Fueling jetliners... is more efficient with Ametek's microprocessor metering system...'.

Handwritten Arabic text: 'مكاتبنا في القاهرة' (Our offices in Cairo).

FROM FREEZER TECHNOLOGY



THURSDAY, APRIL 7, 1988

INTERNATIONAL MANAGER

Catch to Early Retirement: Funding Health Benefits

By MILT FREUDENHEIM

NEW YORK—Corporations that induce employees to retire early by offering them continued health care benefits are finding that early retirements can cost more than expected. While the cost of an employee's pension is already financed in most cases, health benefits usually are not.

Health care costs can be two or three times the amount of the pension.

For the medium-range executive with a salary of \$40,000 to \$50,000, these obligations could be two to three times the amount on the pension, which is funded," he said.

When one New York-based national corporation recently weighed the costs of an early retirement program, it discovered that health insurance would cost the equivalent of \$75,000 for each employee retiring at 55, said William A. Reimert, a consulting actuary in Philadelphia with Milliman & Robertson Inc.

This company had a relatively generous health plan covering both the employee and spouse. The benefits were unchanged after retirement.

After looking at the numbers, they decided that they could not afford to continue these benefits," Mr. Reimert said. As a result, only retirees with 30 or more years of service will receive the full company-paid health coverage. Those with fewer than 10 years will be on their own. The rest will be subsidized from 20 percent to 80 percent.

Court decisions have barred employers from altering the benefits available to employees who already have retired.

Paul A. Gewirtz of Towers Perrin, a New York consulting firm, recounted that a few years ago a steel company was planning to shut down a mill.

When they did the calculations for retiree medical benefits and unfunded pension liabilities, they concluded that despite the fact that the mill was losing money, they could not afford to close it down," he said. "It was a Catch-22 situation."

Most companies usually proceed with their early retirement offers, however. "Other business considerations far outweigh the health care issue," said Melvyn J. Rodrigues, an accountant with Atlantic Richfield Co., which went ahead with such a program.

But he added a cautionary note. "I suspect that 15 years from now, people may look back ruefully and say they should have taken a sharper pencil in their figuring."

Dollar Soars in New York

Currency Propels Stocks and Bonds

Compiled by Our Staff From Dispatches

NEW YORK—The dollar surged Wednesday in New York on a report that the seven major industrialized democracies will reaffirm support for the currency at the 125-year level when they meet next week.

On the dollar's strength, the Dow Jones industrial average of 30 blue chip stocks soared 64.16 points to 2,061.67. Prices on the benchmark 30-year U.S. government bond rose nearly a full point, or \$10 for every \$1,000 face amount, to 101 5/32 from Tuesday's finish.

Earlier in Europe, the Bank of England intervened to brake the British pound's advance, selling pounds at its two-year high of 3.14 Deutsche marks.

The dollar rallied on a Japanese news service report that finance ministers of the Group of Seven industrial nations plan to restate their commitment to support the currency at an April 13 meeting in Washington, said Tom Benfer, a foreign exchange trader at Bank of Montreal.

The unreported report was from Nikkei Telecom, an affiliate of Japan's financial daily, Nihon Keizai Shimbun.

The G-7 news made the market very excited," Mr. Benfer said. "It pushed the dollar up against most other currencies, especially the yen."

In New York, the dollar closed at 126.05 yen, up sharply from 125.25 at Tuesday's close and around 124.90 before the Japanese report.

It also rose to 1.6785 DM from 1.6700, to 1.3895 Swiss francs from 1.3775 and to 5.6925 French francs from 5.6630.

The pound slipped to \$1.8720 from \$1.8790.

While its major contention was unreported, the Nikkei Telecom report did quote sources at Japan's Ministry of Finance and the Bank of Japan as saying that the G-7 will be able to maintain currency market stability if the countries retain their current economic policies.

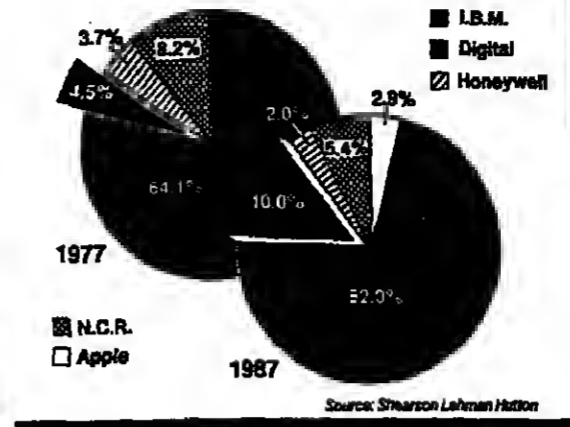
They specifically cited the narrowing U.S. trade deficit and the expansion of Japanese domestic demand.

The G-7 comprises the United States, Canada, France, West Germany, Italy, Japan and the United Kingdom. See DOLLAR, Page 13



Digital's Expanding Market Share

Over the past decade, Digital Equipment more than doubled its market share, generally at the expense of I.B.M., its main rival. Shown is each company's share of total industry revenues.



Source: Stratemon, Lexington, Mass.

Digital Squeezed Top and Bottom

IBM Offers Power, and Upstarts Boast Cheap Desktops

By John Markoff

MAYNARD, Massachusetts — For the last four years, Digital Equipment Corp., with an average annual growth rate of 20 percent, has been forcing the computer industry's leader, International Business Machines Corp., to constantly look over its shoulder.

Yet despite its success, Digital, like IBM, finds it is spending more and more time watching the rearview mirror, too. Digital first grew to prominence by changing the definition of a computer from a room-sized machine to a small, easily maintainable office and laboratory appliance that sat in a corner of the room. But it is facing a fresh set of uncertainties, in which new companies making powerful and often even smaller computers are challenging Digital in the same way Digital challenged IBM.

This development, in which small companies using newer semiconductor technology nibble larger and larger chunks of business away from their mature competitors, is becoming familiar in the computer industry.

The minicomputer business, which Digital pioneered, partly displaced large mainframe computers in the late 1960s and the 1970s. Then in the 1980s, aggressive high-technology start-ups based on the newer 32-bit microprocessor technology began attacking the markets of both mainframe and minicomputer makers, which do not use microprocessors in their major machines.

"Digital is caught in a two-way squeeze play," said Chris Drahos, a vice president of Eksi Corp., a San Jose, California, computer maker.

The key factor, however, has been better competition. See DIGITAL, Page 11

EC Warns U.K. And France on Privatizations

By Reginald Dale

PARIS — The European Community's executive body has questioned some French and British limits on foreign holdings in privatized companies, raising sensitive issues of national sovereignty.

In letters last month to the two governments, described Wednesday by sources in Brussels, the European Commission drew attention to aspects of privatization programs that could be breaching EC law by discriminating against citizens or companies from EC countries.

In the British case, Lord Cockfield, the EC internal market commissioner, has asked the government to explain why it placed a 15 percent limit on foreign shareholdings in the denationalized aerospace and engineering company Rolls Royce PLC.

Separately, he has reminded the French government that it may be violating EC rules if it applies a French law restricting bonus offers of free shares in privatized companies to French nationals and residents.

The first offer, to shareholders in Compagnie de Saint Gobain, is due next month.

Lord Cockfield gave Edouard Balladur, the French finance minister, until April 15 to reply to a March 25 letter that was a follow-up to an earlier EC warning issued in October 1986. If Mr. Balladur does not confirm that all citizens of the 12-member community will receive the same treatment as French nationals, the letter said, the commission will be obliged "to act against France."

Commission officials said that if the commission is not satisfied with Mr. Balladur's response, it could start lengthy legal proceedings that ultimately could reach the European Court of Justice in Luxembourg.

For now, the commission has turned a blind eye to the much wider question of France's 20 percent limit on foreign shareholdings in privatized companies.

In Britain, the government limited nonresidents to an overall 15 percent stake in Rolls Royce when it privatized the company in May. The government contended that the company was of vital national interest, given that half its revenue is in the defense sector.

A British trade official in Brussels said London's position is that "everything we have done is consistent with our treaty obligations." Under the community's Treaty of Rome, member states can limit foreign holdings in enterprises producing or trading in war material.

After slightly more than 20 percent of Rolls Royce shares ended up in foreign hands, the company ordered stockholders in February to sell shares exceeding the 15 percent ceiling. Because the company's stock price had fallen sharply, many of the holders had to take a loss and some complained to the commission, according to sources in Brussels.

A similar challenge to France on its 20 percent limit on foreign ownership would be "very much more difficult for the French government" than the free-share issue that is now being raised, said J. Paul Horne, an international economist for Smith Barney, Harris Upham in Paris.

EC officials said that when Lord Cockfield wrote to Mr. Balladur in October 1986, he conveyed the commission's understanding that the 20 percent limit did not entail discrimination against citizens of other EC countries.

Because Mr. Balladur had not replied, the officials said, the commission assumed he agreed. Meanwhile, no EC citizen or company complained that the limit had prevented them from acquiring shares in French privatized companies.

Mr. Horne and other analysts believe, however, that the French government does not regard citizens of other EC countries as exempt from the limit.

"Just imagine if Carlo de Benedetti had tried to take 21 percent in one of the French privatized companies," Mr. Horne said.

The free-share issue in question is part of an incentive plan offering 10 free shares for every 10 they hold for 18 months. French shareholders in Saint Gobain, which was privatized in November 1986, and foreign holders residing in France become eligible for the offer in May.

Commission officials said it was up to the French government to decide how to issue the free shares in a nondiscriminatory manner and whether that would involve changing the law.

Currency Rates

Table with columns for currency, rate, and date. Includes entries for Amsterdam, London, and various international rates.

Closes in London, Tokyo and Zurich, falls in other centers. New York closes rates. a: Quarterly; b: To buy one pound; c: To buy one dollar; d: Units of 100; N.G.: Not quoted; N.A.: Not available.

Other Dollar Values

Table showing various dollar values and exchange rates for different currencies.

New York rates unless marked * (local rates).

Forward Rates

Table showing forward rates for various currencies and time periods.

Source: Indus Bank (London); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAI (London, Paris, Brussels); Reuters (London). Other data from Reuters and AFP.

Interest Rates

Table showing interest rates for various currencies and terms.

Source: Margin Guaranty (Dollar, DM, SF, Pounds, FF, Yen); Livestock Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

Table showing key money rates for various currencies.

Asian Dollar Deposits

Table showing Asian dollar deposits for various currencies and terms.

U.S. Money Market Funds

Table showing U.S. money market funds and their yields.

Gold

Table showing gold prices in various locations.

OECD Sees Less Trade Progress

By Jacques Neher

PARIS — Top officials at the young but scandal-tainted Paris futures market say they hope to recover lost business by showing a new willingness to police the market and punish offenders.

But participants in the market, which is known as MATIF, say their clients' confidence has been jolted. While applauding the new get-tough policy, they predict it could take a year or more for many investors to return.

Last week, the market's clearinghouse and watchdog agency, CCIFP, expelled the Paris brokerage JFA Buisson & Compagnie from the market for its role in the still-unfolding Cogema scandal.

Cogema, the government-owned nuclear fuels group, announced in December that it had lost 259 million francs (\$46 million) on the MATIF, and later alleged fraud.

It was the first time any MATIF member had been publicly disciplined since the market opened in February 1986.

Some French newspapers have hinted that other losses on the MATIF may be revealed in the coming month when France's state-owned companies publish their 1987 accounts.

The CCIFP, headed by Gerard de la Martiniere, said that the expulsion was necessary because the Cogema affair had "damaged the reputation of the MATIF."

Although the October stock market collapse has reduced futures market activity, Mr. de la Martiniere said that the Cogema scandal had done significantly more harm to the market by causing investors to lose confidence.

Particularly affected have been the nonfinancial companies that would buy futures contracts on the MATIF to protect themselves against fluctuations in interest rates. In February, nonfinancial companies accounted for only 2 percent of the open positions on the market, down from 9.2 percent at the end of December and 11.5 percent before the October collapse.

A broker who asked not to be named said he has lost many French and foreign clients in the past few months as a direct result of the scandal. He estimated it would take "six months to a year, at a minimum," to coax them back.

"They don't trust the market," he said. "Indeed, volume on the MATIF's principal instrument, a theoretical 10-year government bond, has plummeted since January, when an average 70,000 contracts changed hands daily.

The market's regulator expelled a brokerage, saying it invested funds through a third party and then failed to keep watch over the portfolio.

Volume reached only 23,326 contracts on Tuesday, and 27,679 on Wednesday, after hovering in a range of 12,300 to 37,900 last week.

With an average volume of 48,000 contracts a day last year, the MATIF had become the third-largest bond futures market in the world, ahead of London but behind markets in Tokyo and Chicago.

French Futures Market Moves to Rebuild Image

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Mr. Ferri, a partner at the brokerage Ferri-Ferri-Germe and a member of the watchdog agency, predicted that investors would return gradually. He said that the poor volume levels of October were "exaggerated" by the market panic, and he predicted that trading in MATIF's main contract would stabilize at around 50,000 contracts a day.

Mr. Ferri also asserted that allegations of irregular practices are not uncommon in young, rapidly expanding markets. "There's nothing unusual about this," he said. "What happened

to us also happened in other markets." Analysts say there are other reasons for the recent decline in activity, including the relative stability of French franc interest rates.

In the Cogema case, the watchdog CCIFP accused Buisson, Cogema's broker, of breaking MATIF regulations by using a third party, Arbitrage SA, to invest Cogema's 300 million francs on the MATIF without keeping a proper watch on Arbitrage's activities and without informing CCIFP or Cogema.

Cogema filed suit against unnamed parties alleging fraud, and Buisson is suing Arbitrage. It is unclear whether Cogema's loss on the 300 million-franc portfolio that Buisson handled resulted from poor speculation on the MATIF or embezzlement. A warrant has been issued for the arrest of Jean-Marc Aletti, the head of Arbitrage.

Meanwhile, there have been other MATIF disaster stories. On March 22, Banque de l'Entreprise, which specializes in the building and construction sector, announced that its speculations on the MATIF had resulted in a loss of more than 150 million francs, nearly all of the bank's equity.

Mr. de la Martiniere said the CCIFP plans to increase the number of audits on the 100 members of the MATIF. So far this year, the CCIFP has opened 13 audits, on par with the 53 for all of 1987. There were only 12 such audits in 1986.

In another move to increase security on the market, the MATIF's administrative body last week issued new requirements doubling the minimum equity levels for members.

The new rules, to be phased in over the next two years, will require members to increase their minimum equity levels to 200 million francs from 100 million.

The regulations also establish a new category of large institutional members that will need a minimum of 750 million francs in equity.

The new measures follow the publication of a report on March 14 by Daniel Duguen, chairman of Banque Hypothecaire Europeenne.

Mr. Nazer took over from John J. Kelberer, 62, an American who headed ARAMCO for 10 years. The president, Ali I. Nazer, will succeed Mr. Kelberer, who has undergone a series of operations in recent years, will remain on the board as vice chairman.

Nazer Becomes First Saudi to Lead ARAMCO

Compiled by Our Staff From Dispatches

DHAHRAN, Saudi Arabia — Oil Minister Hisham Nazer has become the first Saudi chairman of Arabian American Oil Co. in a move that formalizes the country's control over its major oil-producing company.

Mr. Nazer took over from John J. Kelberer, 62, an American who headed ARAMCO for 10 years. The president, Ali I. Nazer, will succeed Mr. Kelberer, who has undergone a series of operations in recent years, will remain on the board as vice chairman.

Mr. Nazer's appointment, announced Tuesday in Houston, reflects the shrinking role of the four U.S. oil companies that were formerly partners in ARAMCO: Exxon Corp., Texaco Inc., Chevron Corp. and Mobil Corp.

The Saudi government has gradually taken control of ARAMCO from the four companies starting in the 1970s. Its assets are now fully Saudi-owned. The four oil majors provide technical assistance, and own the shares of the Delaware-registered company.

Mr. Nazer started restructuring the Saudi oil industry after he took office in 1986.

(AP, Reuters)

FOREX-INTERBANK advertisement with contact information for Rudolf Wolff AG, Stadelhoferstr. 18, CH-8024 Zurich, Tel.: 01-251 80 30.

BUSINESS ROUNDUP

Court Limits Lord's Spinoff Agency

By Philip H. Dougherty

New York Times Service
NEW YORK — The chairman and president of Lord, Einstein, O'Neill & Partners, a newly formed advertising agency, have been barred by a court from pursuing clients or employees of the agency from which they defected last month.

Justice Herman Cahn of the New York State Supreme Court issued the ruling Tuesday in response to a suit filed last month by Owl Group, a subsidiary of WPP Group PLC of London. WPP owns Lord, Geller,

Federico, Einstein, the agency that suffered the defections.

Justice Cahn also barred 10 other Lord, Einstein employees from offering jobs to staff members of Owl, Geller.

But he declined to enjoin the new agency from using the name Lord in its title and turned down a request for damages against Young & Rubicam, the advertising agency that has invested in Lord, Einstein and provided it with office space.

Richard J. Lord, the former chairman of Lord, Geller, and Ar-

thur W. Einstein Jr., the former president, left the agency along with four other top executives to start their own firm. They complained that they lost their autonomy after WPP bought the agency last year as part of its purchase of J.W.T. Group, parent of J. Walter Thompson Co.

Since then, the judge wrote, almost 40 former employees of Lord, Geller have joined the new agency. At least one Lord, Geller client has also moved to Lord, Einstein.

Jeffrey S. Edelstein, a partner in the law firm of Hall Eckler Lawler Kent & Friedman who is familiar with the legal affairs of ad agencies, said the injunction was unusual because employees often leave agencies to start their own businesses.

Both sides said they regarded the ruling as a victory of sorts, and offered different interpretations of Justice Cahn's decision.

The judge wrote, in part, "Defendants Lord and Einstein are preliminarily enjoined from soliciting, directly or indirectly, any accounts of LGFE..."

Lawyers for Lord, Einstein said the ruling meant that other members of the new agency could solicit such business. The lawyer for WPP maintained that the phrase "directly or indirectly" meant that nobody could solicit such business.

Mr. Lord and Mr. Einstein said they felt vindicated because they were still in business under the name they had selected.

A spokesman for WPP said it was pleased by the injunction.

H.K.'s Hutchison Wins \$563 Million Contract

By Reuters

HONG KONG — Hutchison Whampoa Ltd. has won a Hong Kong government contract for building and managing a container terminal for 4.39 billion Hong Kong dollars (\$563 million), officials said Wednesday.

The 31.5 hectare (77.5 acre) terminal will be built on land to be reclaimed from the sea off the colony's western suburbs. Analysts had expected the bid to be between 2 billion and 3 billion dollars.

A Vulnerable Texaco Faces Ultimate Fight for Survival

By Reuters

NEW YORK — Texaco Inc. faces a historic moment Thursday when it is to wrap up its multibillion dollar legal battle with Pennzoil Co. and begin a fight to become more profitable and maintain its independence.

The oil company has been deeply scarred by its four-year battle through the U.S. courts, and analysts said that its continued independence is less than certain. But Texaco has outlined an ambitious restructuring plan aimed at both increasing profits and keeping potential raiders at bay.

"What Texaco wants is to make sure they retain control of the company, and to do that, they have to help shareholders," said Richard Pzena of Sanford C. Bernstein & Co. "They are going to have to restructure, or someone else will do it for them."

Pennzoil charged in its lawsuit that Texaco, by swooping in to buy Getty Oil Co. in 1984, interfered with an earlier agreement with Pennzoil to merge with Getty. A \$10.3 billion jury award was upheld throughout the Texas

court system before Texaco and Pennzoil decided to settle the case in December.

The crucial period for Texaco starts Thursday, when it is to make its \$3 billion settlement payment to Pennzoil, satisfy its creditors and emerge from the Chapter 11 bankruptcy protection it sought last year.

A possible last-minute hitch arose on Wednesday, when a group of Texaco shareholders sought to have the U.S. Supreme Court review the Texas court decision.

Without Chapter 11 protection, Texaco will face a host of corporate takeover specialists who picked up shares in the company when its stock price was lagging.

The most visible in the group is Carl C. Icahn, who holds a 14.8 percent stake and has proposed a slate of five nominees for election to the company's 14-member board. He has called flatly for the company to be sold.

Despite increased lending to small and medium-size firms, growing recourse by large companies to the money markets produced a small drop in average loan exposure. Conversely, customer deposits were up 5.9%. Expanded provision of services generated a rise of over 8% in commissions and related revenues.

Growth in general operating expenses was brought down from 3.4% to 1.6%, confining the favorable trend initiated the year before.

Notwithstanding these positive factors, fierce competition brought increased pressure on margins, which trimmed FRF 10 million off gross operating income.

Results were further hit by crisis in the financial markets and the deteriorating position of the developing countries. The latter has necessitated additional reserves loss reserves, bringing the coverage ratio to 34%.

The net result for 1987, after depreciation, provisions and extraordinary items, works out to a negative total of FRF 50.6 million, compared with a profit of FRF 10.2 million in 1986.

The Board has decided to propose to the Annual General Meeting to increase the shareholders' equity by FRF 300 million to a figure in the vicinity of FRF 650 million.

The Licitato San Paolo's present 49% interest in the Bank is expected to increase shortly, coming to represent a substantial majority of the share capital.

Framatome has built or is working on 62 nuclear reactors in France, South Africa, Belgium, China and South Korea. The company also supplies engineering and maintenance services and products for nuclear plants.

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France's CGE Posts 58% Increase in Profit

Compiled by Our Staff From Dispatches

PARIS — Compagnie Générale d'Electricité, the French industrial conglomerate, said Wednesday its group net profit rose to 1.83 billion francs (\$325 million) last year, a 58 percent gain from 1986.

CGE, a former state-controlled group that was sold to private investors in May, said its consolidated profit nearly doubled from a year earlier, to 3.388 billion francs. Its profit margin was 2.7 percent, up from 2.1 percent in 1986.

At the end of 1986, CGE took over the West European telecommunications business of IFT Corp. through the formation of a joint venture, Alcatel NV, in which it holds 63 percent.

The transaction made CGE the world's second-biggest telecommunications group and helped boost its sales by 56 percent to 127.5 billion francs from 80.9 billion in 1986.

The company said that about 60 percent of its sales are now in telecommunications. Another 22 percent is in energy and transport, 8.9 percent in electrical engineering and industrial process control, 3.9

percent in the nuclear industry and 2.8 percent in batteries.

CGE has stakes in the French engineering group Alstom and the nuclear company Framatome.

CGE's parent company net profit for 1987 was 1.18 billion francs, a 34 percent increase.

This was attributed partly to increased dividends received from group subsidiaries and holdings, including a substantial first dividend paid by Alcatel.

Profit per share was 27.8 francs. CGE's board proposed a dividend of 7.5 francs per share.

CGE was nationalized by the former Socialist government in 1982.

In May, the conservative government of Prime Minister Jacques Chirac sold its 39.6 million shares in the group to the public and to employees for more than 11 billion francs. CGE's chairman is Pierre Suard.

(AFP, Reuters)

American Exchange Head Urges Academy for Brokers

By Stan Hinden

Washington Post Service

WASHINGTON — In a world designed by Arthur Levitt Jr., chairman of the American Stock Exchange, stockbrokers would be trained at a national academy, taught to always put the customer's interest ahead of the brokerage, and be paid not on commission, but with a money management fee.

The way brokers are recruited, trained and compensated "must be changed if brokers are to have the level of professionalism essential to restore confidence in the system," Mr. Levitt told members of the National Press Club on Tuesday.

Even before the October stock market collapse, Mr. Levitt said, brokers' standards were rated far below those of clergymen, doctors, engineers, bankers and lawyers. In opinion surveys, brokers were "wedged in" between national and local politicians, he said.

Mr. Levitt urged the securities industry to create an "Institute for Investment" — an academy that would be "responsible for training and qualifying all brokers and investment advisers" and for teaching brokers that "this is a service industry." Training is now left to individual firms.

Mr. Levitt was critical of the heavy emphasis on commissions. He said they raise customers' fears "that their brokers are doing business when the best strategy might be to sit tight." He urged the industry to move toward a system in which brokers are paid a percentage fee based on the amount of a customer's assets being managed.

Industry officials did not react enthusiastically.

Edward I. O'Brien, president of the Securities Industry Association, said, "I tend to be somewhat neutral to negative." Mr. O'Brien, who once headed the retail division of Prudential-Bache Securities Inc., said he did not believe that the commission system was necessarily detrimental to customers or that the training academy was needed.

Launty Steffens, president of Merrill Lynch Consumer Markets, said his firm believed its training system was "significantly better" than those of other firms and that he would not like to see training required at a national school. "They haven't done it to the medical or legal profession," he said.

But a veteran Washington broker, James C. Doyle of Advest, who heard Mr. Levitt speak, said the training academy was "an excellent idea."

legrand

LEGRAND: +40%

Limoges - France, March 31, 1988 - Initial Report on the Year 1987.

The Board of Legrand, the leading international manufacturer of electrical wiring devices, met on March 25, 1988, under the Chairmanship of Mr. François Grappone, to approve the financial statements for 1987.

Consolidated financial statements (in FF million)

Table with 4 columns: Item, 1987, 1986, % change. Rows include Sales, Net income (Group share), Funds provided from operations, % of sales.

Given this satisfactory performance, the Board has decided to propose a 12% dividend increase to the Annual General Meeting, due to be held in Limoges in June 15, 1988, i.e. FF 38 per ordinary share and FF 60.80 per preferred share. In view of the interim dividend declared on February 1, the balance, i.e. FF 21 per ordinary share and FF 33.60 per preferred share, will be made payable as from July 1, 1988.

Moore McCormack Agrees To \$512 Million Takeover

The Associated Press

NEW YORK — Moore McCormack Resources said Wednesday that it had agreed to be acquired by Southdowns Inc. for \$512 million in cash after resisting repeated overtures from the Houston-based cement company.

Moore McCormack's board recommended that shareholders tender their shares under Southdowns' existing \$40-a-share offer. The offer was expiring at midnight Wednesday, but Southdowns said it would accept Moore McCormack shares for payment after the deadline.

Under a definitive merger agreement, Southdowns also will acquire Moore McCormack's convertible issues and debt. The companies have agreed to dismiss all pending litigation between them.

In early trading on the New York Stock Exchange Wednesday, Moore McCormack fell 87.5 cents to \$39.625 a share. Southdowns fell 25 cents, to \$40 a share.

Southdowns also said it would terminate a previous agreement to sell Moore McCormack's oil and gas subsidiary, Moore McCormack Energy, to Castex International Corp. for \$125 million in cash.

Moore McCormack, a cement and energy group based in Stamford, Connecticut, had said it was negotiating with other unidentified

parties about the acquisition of the entire company.

Southdowns' latest offer for Moore McCormack's 12.8 million outstanding shares represents the third time the company has sweetened its bid.

Southdowns approached Moore McCormack on Feb. 23 with an initial \$31-a-share tender offer, which valued the company at \$391 million. That bid, as well as a \$35-a-share offer that followed, was rejected as inadequate.

Moore McCormack responded to the two bids by unveiling a \$400 million recapitalization plan that would have paid shareholders a hefty dividend and authorized the sale of certain assets.

A day after the recapitalization plan was disclosed, Southdowns offered to pay stockholders \$35 in cash plus debt securities valued at \$5 for each share they held. The bid was amended last week to \$40 a share in cash.

Moore McCormack posted a profit of \$21.6 million on revenue of \$357.8 million in 1987. The company makes cement, concrete products and aggregates, primarily in the southeastern United States, and is engaged in oil and gas exploration and production mainly in Texas and Louisiana.

DIGITAL: Computer Maker Faces 2-Way Squeeze

(Continued from first finance page)

puter communications technology, which has permitted Digital to penetrate some of IBM's largest corporate accounts. In contrast, to IBM, which is hampered by product lines that run different software and do not communicate, Digital's computers, from desktop work stations to clustered minicomputers, all run the same software and are based on the same hardware design.

Digital's timing has been fortunate. As corporations have moved to automate and integrate business functions as diverse as manufacturing and accounting, the company's distributed computing design, which ties together large and small computers in networks, has proved to be the wave of the future.

The strategy has paid off handsomely. By keeping costs under control and taking market share away from IBM, Digital increased profit last year to \$1.4 billion, up 88 percent from 1986, on sales of \$9.59 billion.

Some analysts now believe that Digital has surpassed IBM in providing high-quality cradle-to-grave support. Sales from service-related functions have risen to 33 percent from 24 percent over the last decade. Until last year's stock market collapse, the company had been expanding its sales force as well as its service and support staffs.

However, the shift in emphasis from technology to marketing and sales has meant that Digital has lost some of its edge as a leader in advanced computing technology.

The company has fallen behind in offering high-performance computers at low cost. Its processors are more expensive and slower than those of a number of smaller computer makers, analysts say. And only in the last several weeks has Digital introduced multiprocessing, an important technology that permits computer makers to chain several processors together so that they can work in tandem. Competitors have offered that feature for several years.

But the company's designers contend that critics are measuring the wrong things. "Our fundamental strategy is distributed computing," said William D. Strecker, Digital's vice president of product strategy and architecture. "We believe that you should pick the right size machine and put it as close to the user as possible."

To protect itself in the short term, at both the low end and the high end of the market, Digital has formed partnerships with Apple Computer Inc. and with Cray Re-

search Inc., the leading supercomputer manufacturer. But such alliances are only stopgap measures, analysts say. They believe that Digital must respond soon with its own supercomputer if it is to remain competitive.

Makers of computer work stations, like Sun Microsystems Inc. and Apollo Computer Inc., and start-up manufacturers of superminicomputers, such as Sequent Computer Systems Inc., Multilow Computer Inc., Convex Computer Corp. and Alliant Computer Systems, are applying pressure that threatens to stall Digital's spurt.

"The real problem for DEC is that they've built themselves on high prices and high margins, said William Joy, vice president for re-

search and development at Sun Microsystems. "It's a problem because when you're a large company, innovation works against you."

Digital counters that anyone can build a "little hot box" — its term for fast and inexpensive machines made by competitors like Sun. But it says that one of its challengers have the comprehensive computer networking capabilities that are standard features of Digital systems.

"They're just selling snake oil," said Kenneth H. Olsen, Digital's founder and chairman. "The real job is to tie everything together."

Despite such optimism, there are signs that Digital faces tougher going. Last month company officials told financial analysts that uncertainty about the economy had slowed orders for large computers. While lower-cost work station orders are up significantly, they have not compensated for lost sales at the high end of the market.

Digital officials also concede that some portion of the slowdown may be due to what is known as "downsizing" — the arrival of

speedy and inexpensive 32-bit microprocessor machines that offer the same power as minicomputers but at a far lower price.

For Digital, the microprocessor invasion signifies a need for increased innovation. During the last several years Digital has set up new computer research facilities in Silicon Valley to tap the best computer designers in that region. The company's computer designers are confident that they will soon provide some surprises for the industry.

"We believe that we can make substantially more powerful machines in the very near future," Mr. Strecker said.

Industry sources say that Digital will soon raise the market stakes for transaction processing equipment used in such applications as airline reservation and electronic banking systems. And later this year, Mr. Olsen said, Digital will offer a low-cost, high-performance work station, a move he believes will return the company to the top of that market.

Yet Digital still has a fundamental problem. Its most serious competitors, Sun Microsystems, Hewlett-Packard Co. and Apollo, are all betting on a new computer design philosophy known as reduced instruction set computer, or RISC — a simplified system that increases performance by eliminating instructions that are seldom used. But Digital is still wedded to its VAX computer design, now more than a decade old. VAX's strength is that it has been extended to almost all of Digital's computers.

The design's weakness, critics say, is that it may prove too expensive to stay in the performance race with competitors' stripped-down RISC designs.

"I would run, not walk, from the VAX," said Gordon Bell, who led the design of the VAX during the 1970s as Digital's vice president of research and development. Mr. Bell now holds the same position at Ardent Corp., a Silicon Valley start-up that last month introduced a graphics supercomputer that, according to Mr. Bell, has 10 times the performance of Digital's computers at one-fifth the cost.

Mr. Olsen argues that far too much attention has been paid to new computer designs. "RISC is not the key thing," he said. "The key thing is having all of the pieces that make it all fit together."

Yet despite the economic uncertainties, nobody is counting Digital out. It has learned vital lessons and achieved a measure of its success by imitating IBM, Mr. Olsen said.

DP America Growth Fund. Weekly net asset value on 31-3-1988 U.S. \$22.66. Listed on the Amsterdam Stock Exchange.

Tokyo Pacific Holdings N.V. Weekly net asset value on 4-4-1988 U.S. \$299.72. Securities 15%, Liquidity 27%. Listed on the Amsterdam Stock Exchange.

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COMMISSION DIRECTOR

The Franco-American Commission for Educational and Cultural Exchange (the Fulbright Commission in France) is seeking candidates for the position of Commission Director. Qualifications desired: • Advanced degree from French or American University. • Management experience. • Fluency in French and English. • Thorough knowledge of the educational systems of the two countries. Experience in fund raising will be helpful. The Commission director is expected to maintain oversight management of the Commission while developing an expanding role in the intellectual life of France for the Commission. The position will be available as of July 1. Chosen candidate must be able to begin work no later than September 1, 1988. Finalists will be interviewed in Paris during the months of May and June. Salary commensurate with experience and qualifications. Curricula vitae should be sent to: FACEE Search Committee référence 712/II, à CURRICULUM, 6, passage Lathuille, 75018 Paris.

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CURRENCY MARKETS

DOLLAR: Report of Likely G-7 Support Bolsters U.S. Currency, Stocks

(Continued from first finance page) States, Japan, West Germany, France, Britain, Canada and Italy.

The Bank of England's intervention prompted market participants to sell pounds and realize profits from the currency's four-week climb from around 3 DM.

In London, the pound closed lower at 3.1307 DM from 3.1352 DM on Tuesday. The pound had reached 3.14 DM in early trading before dealers reported modest selling by the central bank.

"It made people wary of running long sterling positions," one trader said. The pound also closed 0.1 percentage point lower on its trade-weighted index at 78.2 percent of its 1975 value against a basket of currencies.

United last month Britain sought to keep the pound below 3 DM, worried that its appreciation on the back of relatively high British interest rates would crimp export earnings.

Dealers said that the surging pound has put further pressure on British authorities to lead interest rates lower from the current 8.5 percent for commercial bank base

London Dollar Rates table with columns for Currency, Bid, Ask, and other market data.

Gold and currency reserves jumped in March to \$44.64 billion, compared with \$27.04 billion in March last year.

Nearly all of the \$2.2 billion was spent selling sterling in the first few days of the month when the authorities were trying to hold the pound below 3 DM.

"Today's figures show just why Thatcher decided to let the pound go," said Robin Marshall, chief economist with Chase Manhattan Securities.

Many economists believe that official sales of a currency to dampen its rise will fuel inflation by increasing the domestic money supply.

In the immediate future, many analysts believe the pound will rise higher than its current 3.13 DM. "The ceiling is likely to be 3.15," said Ken de la Salle, senior manager with National Westminster Bank.

But British analysts said a deteriorating British balance of payments position is likely to drag the pound below 3 DM by the end of the year.

Just how powerful the pound's surge has been is apparent on Wednesday from figures showing the British Treasury had to spend the equivalent of \$2.2 billion last month holding it in check, causing British foreign currency reserves to rise to a record.

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LIFFE Sees Japan Futures Bolstering Time Zones

TOKYO — Japan's debut as a full-fledged financial market could reverse a trend toward 24-hour trading in single markets, the chairman of the London International Financial Futures Exchange said Wednesday.

"The trend should be to strengthen time zones," Brian Williamson said in an interview, "making trading of yen products in London sit comfortably with British regulatory authorities, trading of dollar products in Tokyo feel comfortable with the Japanese authorities, and so on."

Markets in one center would band off to others in a different time zone as their trading hours end, he said, rather than extending their hours to keep activity on their own floors.

Mr. Williamson asserted that the Tokyo market, for historical and structural reasons, was likely to fit in better with the London International Financial Futures Exchange, or LIFFE, than with the two big U.S. markets at the Chicago Mercantile Exchange and the Chicago Board of Trade.

He said that Tokyo was evolving into an institutions market similar to the London ex-

change. That model, he said, contrasts with the individual-based pit trading system at the Chicago markets. These exchanges prefer, if possible, to extend their hours to keep as much activity as possible on their own floors and in dollars.

Mr. Williamson said that because institutions have a greater reach, they are not worried about dealing from different centers.

Twenty-seven of the biggest Japanese banks and securities houses are members of the London exchange. Connections between the two sides were strengthened when LIFFE began to trade a yen bond futures contract in July 1981, Mr. Williamson said.

There are only two futures contracts in Japan, for 10-year yen bonds on the Tokyo Stock Exchange and for a basket of shares on the Osaka Stock Exchange.

In July, the Tokyo exchange will add contracts for 20-year bonds as well as its own stock index. The big change will be the creation of a market for short-term and interest-rate futures next spring, bringing banks into the game.

There is a legal division in Japan between the securities and banking industries. Because the

long yen bond is considered a security, it is traded on the Tokyo exchange.

A Bank of Japan official said that the Japanese authorities strongly supported the creation of a full financial futures market in Japan, which would fill a growing need for institutions to hedge their ever-increasing capital portfolios.

Mr. Williamson said that LIFFE's so-called mutual-offset scheme, a means of clearing one market's product when traded in another time zone, could be a prototype for Tokyo.

The system allows, for example, a guarantee corporation to clear a contract in British pounds in another financial center. This removes the need to extend single-market trading hours.

"From a regulatory point of view," Mr. Williamson said, "this should appeal to authorities, who are anyway used to central banks acting as guarantors for their own banks' abroad."

He added that the system also could allow new yen products to be promoted in London by the Japanese members of LIFFE.

Japan's Growth, Part of Currency Pact, Risks Backfiring

TOKYO — The joint strategy of major industrialized nations to stabilize currency markets may be about to backfire, dealers here said on Wednesday.

They said the rapid Japanese economic growth that was one of the linchpins of that strategy is threatening to lure funds into yen and away from the dollar, upsetting the market's delicate balance.

"Operators are selling the dollar because they expect a further rise in the yen backed by the strength of the Japanese economy," said Takemasa Yamazaki, assistant manager at Daiwa Bank.

The U.S. currency fell to 123.40 yen on Monday, its lowest level in about three months, but has since recovered to around 126 yen as speculators bought back some dollars they had sold earlier.

Under the multilateral strategy to reduce trade imbalances and stabilize currencies, Japan pledged to stimulate its economy and thus increase its imports.

It has delivered on that promise. But its huge success in doing so has only served to convince some investors the best place for their money is yen, not dollars, dealers said.

The Nikkei average, the Tokyo Stock Exchange's key 225-share index, has risen more than 5,000 points since the start of the year. It closed Wednesday at 26,511.17, just below its record high of 26,646.43 set Oct. 14, just before the global collapse of markets.

Dealers said the multilateral strategy to stabilize currencies could be unhelpful because capital flows now have a much larger influence on currency markets than trade flows.

The drop in Japan's trade surplus means Japanese exporters are left with fewer unwanted dollars to convert into yen. But the impact of that on the market can be easily overwhelmed if investors decide to shift some of their huge pools of funds into yen from dollars.

So far, the Japanese authorities do not seem too concerned. Finance Minister Kiichi Miyazawa said he expects major nations to re-

endorse their multilateral economic strategy when they meet in Washington next week.

The governor of the Bank of Japan, Satoshi Sumita, attributed the dollar's recent slight weakness to speculation. He said Wednesday that the basic trend toward currency stability remained unchanged.

A senior Bank of Japan official acknowledged that Japan's strong economy could attract capital, putting upward pressure on the yen. But it will also reduce the trade surplus, putting downward pressure on the currency, he said.

The official added that information the bank has been able to cull so far on capital flows in March did not appear to back up the thesis of a shift of investment into Japan.

While foreign investors may have raised their purchases of Tokyo shares from February's record \$1.9 billion, they were also out sellers of Japanese bonds. Given those two factors, co-ordinators have devised strategies for Japan.

Those that coincided with elections were twice the size of other annual raises, and they became effective in September, just two months before Election Day in November.

Such fiscal stimulus also means more jobs. Mr. Hirsch notes that unemployment tends to reach a low point before a presidential election. On Friday, the Labor Department reported that the unemployment rate fell in March to 5.6 percent, its lowest level since 1979.

Some professional investors find these facts persuasive. "It has some credibility," acknowledged Suresh L. Bhurud, chief investment strategist for Oppenheimer & Co. "People emotionally feel better in an election year because they get a lot of promises from politicians. And when people feel well about things, including the economy, they buy stocks."

Mr. Bhurud notes that the nation's money supply is now expanding at a 5 percent annual rate, compared with a 1.7 percent rate just before the October market collapse.

Still, many professional investors argue that the central bank's days as an adjunct to the party in power ended during Paul A. Volcker's tenure as chairman of the Fed. International concerns and

MARKET: In U.S. Lore, Election Means Good Times

Proponents of the election effect contend, however, that their faith has little to do with a mystical belief that the past is prologue. Instead, they cite the practical policies of pump-priming. To remain in power, incumbents have tended to bestow an unusual amount of generosity on the electorate.

"Incumbent administrations do everything they can to stay in office and that means spending money," said Yale Hirsch, a market historian and publisher of the Stock Traders Almanac.

Indeed, local governments have funded federal agencies more receptive to requests for funds for public projects. Even the Federal Reserve Board has been known to oblige incumbents by loosening credit restraints before an election.

Mr. Hirsch, who has made a career of cataloguing market minutiae, notes that from 1962 to 1973, increases in federal spending were on average 29 percent higher in election years than in other years.

Moreover, six of the nine increases in Social Security benefits that took place from 1952 to 1974 occurred in presidential elections years, according to Mr. Hirsch.

NYSE Proposes To Restrict a Trading Tactic

New York Times Service NEW YORK — The New York Stock Exchange has proposed a rule aimed at curtailing a form of trading between the exchange and futures markets known as front-running.

The practice is considered by regulators to be similar to both illegal insider trading and market manipulation. Front-running is the trading by a firm in one market with anticipation that such a transaction will be affected by an order executed at a second exchange. Typical kinds of front-running with futures involve trades in stock index futures, which represent an investment in a basket of stocks.

Both the Securities and Exchange Commission and a presidential task force recommended that front-running of futures be re-examined in light of October's market collapse.

The NYSE proposal Tuesday was warmly greeted by Wendy Gramm, the chairwoman of the Commodity Futures Trading Commission.

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Wednesday's OTC Prices advertisement with logo and text.

MASDAQ prices on 4 p.m. New York time. This list, compiled by the AP, consists of the 100 most traded securities in terms of dollar volume. It is updated twice a year.

Table of OTC prices for various stocks, including columns for stock name, price, and change.

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SPORTS

Minority-Hiring Report: Judging Baseball's Upswing

By Michael Martinez

New York Times Service

NEW YORK — One year ago

Wednesday night, the words that

shook baseball were spoken on national

television.

When Al Campanis, then the

vice president of the Los Angeles

Dodgers, said on ABC's "Night-

line" that black people lack the

"necessities" to perform high-level

management duties in baseball, it

caused more than just a ripple

through every major-league organiza-

tion. It set the game on a new

course that, although slow and deli-

berate, has seen movement by

teams to hire more people from

minority groups.

But whether that movement has

been significant remains a contro-

versy.

There has been progress in the

year since Campanis," said Frank

Robinson, a special assistant to the

president of the Baltimore Orioles.

"Hirings that would not have taken

place have come about, and hirings

in the future will happen that otherwise

would not have. We can't get it all

years to happen. We can't get it all

back in one year."

A progress report issued last week

by the Office of Commissioners Peter

Ueberroth revealed that one out of

every three people hired in baseball

— 180 of 542 by the 26 clubs — was

from a minority group. Of the 282

openings for high-level positions, 36

percent were filled by minority-

group members, as was 30 percent

of the 260 on-field hirings, according

to the report.

A significant increase? It depends

on how the figures are

viewed, and by whom.

Critics point out that most of the

front-office hirings of minority-

group members were in nondecision-

making positions. Of the 14

highest-level jobs available in 1987

— that is, manager, general manager

and president — none was filled

by a member of a minority group.

The only recent hiring of a minority-

group member to the position

of manager was the Cuban-born

Cookie Rojas, who took over the

California Angels this spring

when Gene Mauch retired.

The study released by Ueberroth

— the first of its kind in baseball —

was researched and prepared by

Alexander & Associates, a Wash-

ington-based consulting firm hired

by the commissioner's office in

May 1987 to help develop and

monitor affirmative-action pro-

grams for each of the 26 clubs.

Clifford Alexander, the firm's

president, said the report indicated

that a great deal of progress had

been made by baseball, but he insisted

that teams needed to work hard-

er, and at a faster clip, to hire minority

people to management posts.

"We are operating with a sense of

impatience," he said. "To baseball's

credit, it has stepped up to the plate

and has rounded first base, but it

hasn't come home yet. One has to

look at what has been done and

congratulate the owners. But we'll

continue to light a fire under them to

see that more is done."

Some have not been satisfied

with the results so far, particularly

some black players who might be

candidates for management jobs in

the future.

Veteran Don Baylor, the designat-

ed hitter of the Oakland Athletics

and a player who is expected to

become a management executive

when he retires, was critical of the

report, partly because it did not

indicate how many of the 180 hi-

lings were for low-level positions.

"I look around and I see one

hiring here, one there, another one

there," Baylor said. "But these aren't

on the field. There are no black

managers, still no third-base coach-

es. There are a few hitting coaches, a

few office jobs and some scouts, but

everything else remains the same.

that's the right way. I always told

the owners not to hire anyone they

didn't believe in, not to do it just

because of tokenism."

Still, the people who are driving

for more minority hirings acknowl-

edge that the second year will be

more difficult than the first, and the

third more difficult than the second.

was a honeymoon period, it's over.

"But we're going to double our

efforts at filling the full spectrum of

positions. If we go into the next

season with no black managers,

we'll come into a great deal of criti-

cism. But we're prepared for that."

George Steinbrenner, the princi-

pal owner of the New York Yan-

Baylor also criticized Ueber-

roth's plan because, he said, the

group the commissioner appointed

is not in touch with the needs of

minority-group members looking

for baseball employment opportu-

nities.

"Clifford Alexander is someone

in Washington who has never even

approached ballplayers," he said.

"At least Jesse Jackson came to

Chicago and shook hands with

players, even if it was an attempt at

grandstanding. Alexander repre-

sents the commissioner. He doesn't

represent me or other players."

Those deeply involved in im-

proving baseball's hiring practices

say the distance to travel is still

long, that the remarks made by

Campanis served as a catalyst and

an embarrassment. But that night

one year ago will forever be remem-

bered for its impact on the game.

And the prejudice will take a

long time to disappear.

"Do you think it will go away?"

Robinson asked. "It won't go away

in one year or with one statement. It

may never go away. But what Cam-

panis said has made people aware."

"The numbers are just numbers. They satisfy the

argument that things are being done."

— Don Baylor

"I think anyone who says that is incorrect, not

informed and counterproductive."

— Peter Ueberroth

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"They say that minorities aren't

qualified, but they're not taking a

person who is qualified and train-

ing him to do the job. Those num-

bers are just numbers. They satisfy

the argument that things are being

done."

Reacting to Baylor, Ueberroth

said: "I think anyone who says that

is incorrect, not informed and

counterproductive. It's a compli-

ment to the owners of the major-

league teams. The rest of the pro-

gress will come naturally, and

"Without question, this year will

be much tougher," said Dr. Harry

Edwards, the black sociology profes-

or from the University of Califor-

nia at Berkeley who was named last

June as a special consultant to

baseball.

Edwards was made responsible

for developing a pool of former

players from minority groups who

would be interested in employment

in baseball. "We'll come in for

more scrutiny from people looking

at what we're trying to do. If this

kees, said that some black and His-

panic former players were reluctant

to take front-office positions be-

cause they could earn more money

as coaches. He said that Chris

Chambliss, the Yankee hitting in-

structor, who is black, had turned

down a job as assistant general

manager to remain on the field.

"That argument is nonsense,"

said Alexander. "The fact is, there

are many people who want to go

into the front office who used to

improving baseball's hiring practices

say the distance to travel is still

long, that the remarks made by

Campanis served as a catalyst and

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Manager Billy Martin began the season with a tip of the cap.

Atlanta Reliever Sutter Makes Shaky Comeback

Compiled by Our Staff From Dispatches

ATLANTA — As comebacks go, it was good for the heart but

not for the victory column.

Atlanta reliever Bruce Sutter on

Tuesday night made a return few

thought he could, but his first outing

was shaky.

Sutter, who had been out of the

rotation for more than a year, pitched

for 1 1/2 innings, allowing two runs

and one hit in a 4-1 victory over

the Cincinnati Reds.

Sutter's return was a surprise, as he

had been expected to be out of the

game for good. He had undergone

major surgery on his right shoulder

in December 1986 and February 1987.

This spring, Sutter had pitched

only five innings, with a 9.00 earned-

run average. On Tuesday, he pitched

one inning, yielding two runs on a

walk, a double, a run-scoring

groundout and an RBI single.

"I felt fine," said Sutter, the Na-

tional League career-savings leader

with 286. "I'd been thinking about

it all day, about pitching and saving

the game. I had my chance and I just

didn't do it — you can't walk the

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